



4X4 ACCESSORIES

2010 ANNUAL GENERAL MEETING



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ARB CORPORATION LIMITED 2010 ANNUAL GENERAL MEETING

Presented by Roger Brown
Executive Chairman





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Summary of 2009/10 Result

- Sales Revenue up 19.3% to \$228 million
- Pre Tax Profit up 42.4% to \$44.81 million
- Net Profit After Tax up 44.8% to \$32.63 million
- Earnings per share up 36.6% to 46.3 cps

Note:- EPS is based on the Company's weighted average issued capital of 70.5 million shares. ARB presently has 72.5 million shares on issue following payment of the Special Dividend.



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Dividend

- The company has declared an increased final fully franked dividend of 12 cps, payable on 22 October 2010.
- This brings total ordinary dividends for the year to 19.5 cps fully franked, compared with 16.5 cps last year.
- ARB also paid shareholders a fully franked Special Dividend of 40 cents per share on the 1st December 2009.



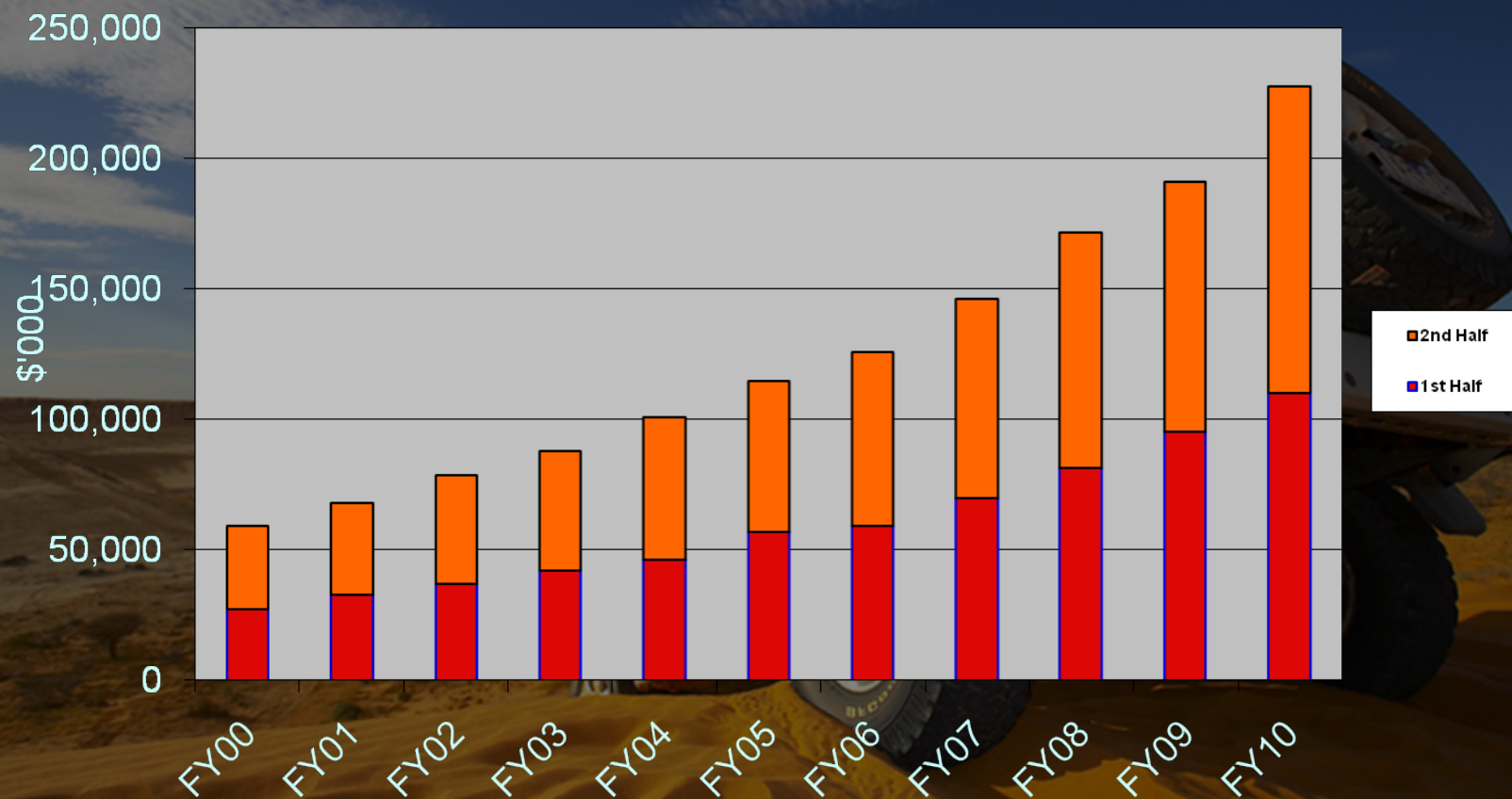
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Sales Revenue

10 Year Company Performance

Annual sales revenue has grown at an average annual compound rate of 14% over the past 10 years





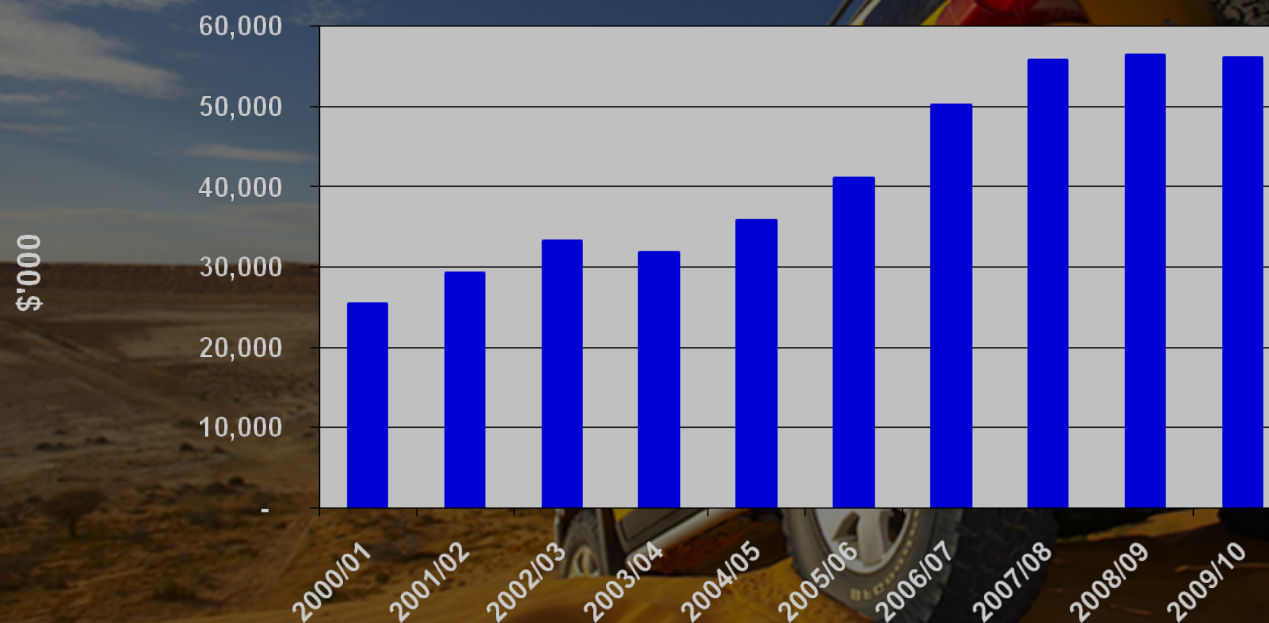
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Export Sales Revenue

10 Year Company Performance

Export sales have grown at an average compound rate of 9% over the past 10 years





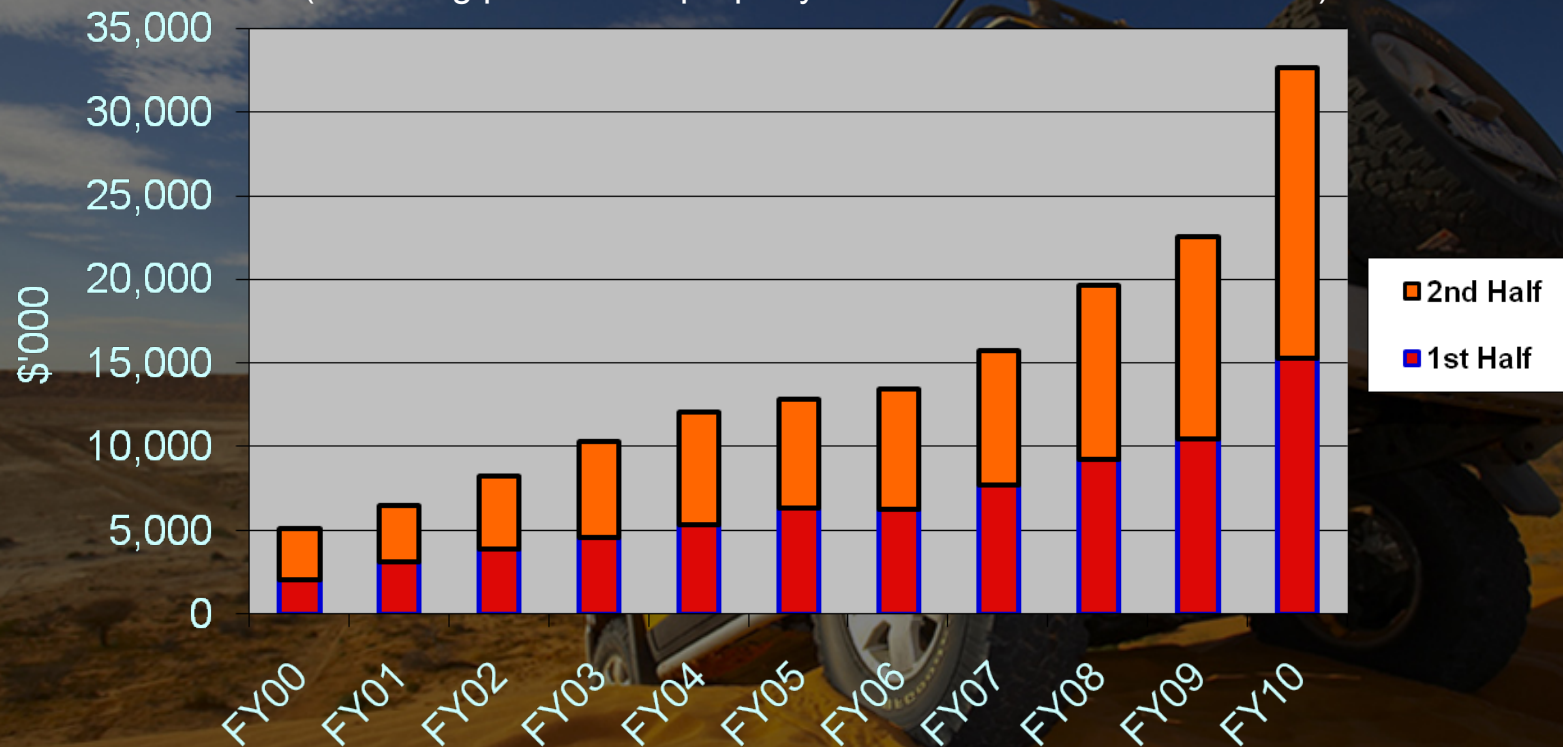
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Net Profit After Tax (ex property sales)

10 Year Company Performance

Net profit after tax has grown at an average annual compound rate of 20% over the past 10 years
(excluding profits from property sales in 2004/05 and 2005/06)





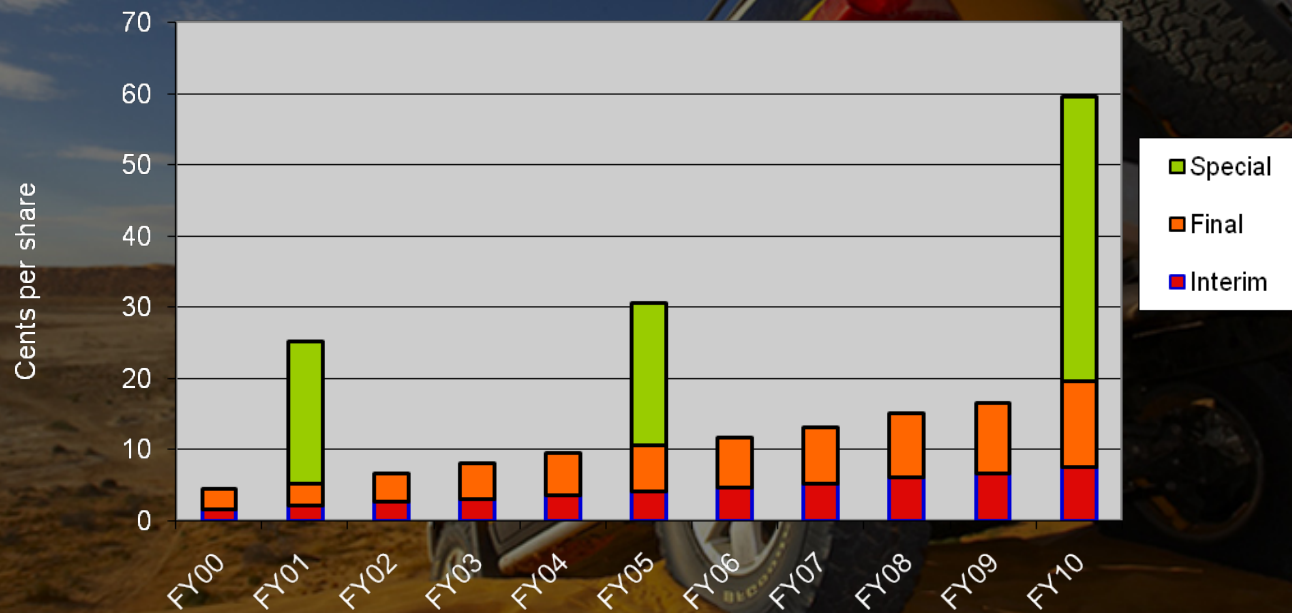
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Dividends

10 Year Company Performance

Dividends per share have grown steadily over the past 10 years with Special Dividends paid in 2000/1, 2004/5 and 2009/10. All dividends paid have been fully franked.





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ARB Today

- ARB is a world leading designer, manufacturer and distributor of accessories for 4WD and commercial vehicles.
- Annual Sales of \$228 million.
- 885 employees worldwide.
- Manufacturing plants in Victoria, Australia and Rayong, Thailand.
- Sales, warehousing and fitting facilities in all Australian States.
- Canopy assembly and painting facilities in Melbourne, Sydney, Adelaide, Brisbane and Perth.



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ARB Today (cont)

- ARB stores and stockists throughout Australia.
- Two separate aftermarket operations in Australia, being Kingsley Enterprises and Thule Roof Rack Systems.
- A warehouse and sales centre in Seattle, USA and a warehouse and sales office in Rayong, Thailand.
- Distributors in 80 countries around the world.



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Sales Growth by Market Segment

2009/10 compared with 2008/09

A yellow 4x4 vehicle, possibly a Land Rover Defender, is shown from a low angle in a desert environment. The vehicle is tilted upwards, and its spare tire is mounted on the back. The background is a vast, flat desert under a clear sky.

Australian Aftermarket	up 29%
Australian Original Equipment	up 40%
Export Sales (ex Australia)	up 11%
Export Sales (via USA subsidiary)	down 12% in Australian Dollar terms but up 6% in US Dollar terms
ORA Ltd (Thailand)	<u>up 58%</u>
TOTAL SALES	up 19.3%



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Sales Mix

2009/10 compared with 2008/09

	2009/10	2008/09
Australia Aftermarket	64.5%	61.5%
Australian Original Equipment	10.5%	8.5%
Exports (ex Australia)	13.7%	14.7%
Export (via USA subsidiary)	<u>11.3%</u>	<u>15.3%</u>
	100%	100%



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New Vehicle Sales in Australia

(past 3 financial years)

A yellow 4x4 vehicle, possibly a Land Rover Defender, is shown from a rear three-quarter view, driving on a sandy dune in a desert landscape. The vehicle has a spare tire mounted on the back and is kicking up sand. The background shows a vast, flat desert under a clear blue sky.

	all 4x4 Categories	4WD Utilities	Total Vehicle Sales
2007-08	295,303	84,360	1,068,301
2008-09	257,008	80,949	924,693
2009-10	308,918	92,662	1,011,565



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Australian Aftermarket

Extremely strong sales growth of 29%, why?

- Strong sales growth of new vehicles – all 4WD vehicles and 4WD utilities.
- Federal Government Investment Allowance.
- Other Government Stimulus Packages.
- Strength of ARB's Australia distribution system via ARB stores and stockists.
- ARB brand and marketing power.



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Australian Aftermarket (cont)

- Addition of the Thule Roof Rack business for a full year
- Strong contribution from Kingsley Enterprises.
- Continued release of new products.
- Growth made possible by increases in
 - manufacturing capacity
 - warehousing capacity
 - canopy building capacity
 - painting capacity



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Sales to Original Equipment Manufacturers in Australia

Extremely strong sales growth of 40%

- Off a low base in 2008/09.
- Strong sales growth of new 4WDs.
- Federal Government Investment Allowance etc..



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Exports (ex Australia)

- Sales growth of 11% over the prior year.
- A good recovery considering state of the markets in which many of our customers operate.
- Markets in Europe, Eastern Europe and Central Asia weaker but Asia, Sth Africa and Middle East picking up.
- Strength of Australian Dollar a concern.



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Exports (Ex USA subsidiary)

- Sales up 6% in US Dollar terms but down 12% due to strengthening Australia Dollar over the year.
- Improved result in the second half of the financial year.
- Profitability down due to much lower margins as a result of the strength in the Australian Dollar.



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Profit Growth

Net Profit After Tax up by 44.8%, why?

- High Australian Dollar improved local margins.
- High demand resulted in profitable manufacturing and fitting operations.
- Efficiencies in branch network and economies of scale.
- New store openings.
- Full year contribution from Thule Roof Rack Systems.
- Expansion of Thai operations.
- Lower tax rate resulting from lower US profits and higher Thailand profits.



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ARB Aftermarket Distribution

- ARB distributes throughout Australia from state sales offices with attached warehouses.
- Distribution is to ARB stores, independent 4WD specialists and new vehicle dealers throughout each state.
- There are now 39 ARB branded stores in Australia (compared with 35 stores at 30th June 2009)
- New ARB stores are:
 - Dubbo in New South Wales
 - Hobart in Tasmania
 - Keilor Park in Melbourne, Victoria
 - a new company owned store at Canningvale, Western Australia (new state headquarters)



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ARB Aftermarket Distribution (cont)

- Over the year three new large warehouses were added to provide for growth
 - 4,000 sq meters at Canningvale, Western Australia.
 - 5,000 sq meters, near our head office in Kilsyth, Victoria.
 - 3,000 sq meters adjacent to our New South Wales head office in Moorebank.
- All these additions made in the second half of 2009/10.



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Financial

- Net operating cash flow for the year of \$38.8 million up from \$28.7 million in the prior year.
- Stronger balance sheet with net cash surplus at 30th June 2010 of \$20.9 million up from \$1.3 million as at 30th June 2009.
- ARB can react quickly to growth opportunities be they new capital projects, new product initiatives or suitable acquisitions.



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Growth Strategy

ARB's main growth strategies can be summarised as follows:

- Increasing output from the Company's manufacturing plants as demand requires. We are currently looking for additional manufacturing space in Thailand to increase capacity.
- Fast tracking the development of new products - ARB is clearly a world leader in the development of accessories for 4WD vehicles and the company's focus on new product development is being increased.
- Further expanding ARB's store network throughout Australia, particularly in areas where 4WD vehicle sales are strong.



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Growth Strategy (cont.)

- Establishing larger and more efficient warehousing in Adelaide to service our South Australian customers
- Expanding the recently established ARB Off Road business which distributes ARB's product to the Thai market via existing resellers
 - Good reputation in Thailand
 - Large market available,
 - Confident this business will generate profitable long term growth.
 - Grew very strongly last year off a low base.
- Ensuring Kingsley Enterprises has new products to supply its existing customers both locally and overseas.



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Growth Strategy (cont.)

- Providing the resources required to allow Thule Car Rack Systems to grow within the Australian market.
- Further strengthening ARB's small but highly effective marketing department which is the envy of the company's competitors worldwide.
- Selectively acquiring new products or businesses if suitable opportunities arise.
- Concentrating our sales efforts in areas of the world where oil extraction, mining, aid and relief and agriculture are creating high demand for 4WD vehicles.



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Outlook

- The company's record 2009/10 result was achieved in the face of very challenging global market conditions.
- The Board is optimistic about the future outlook for the company but remains cautious in the current economic environment.
- The strengthening Australian Dollar against the US Dollar, Euro and the English Pound is making exporting very difficult and is obviously making product cheaper for our competitors in Australia who predominantly rely on Asian imports.



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Outlook (cont.)

- ARB is well positioned to achieve on-going success despite the economic challenges it is currently experiencing
 - With strong brands around the world
 - Very capable senior management team and staff
 - A strong balance sheet
 - Well defined growth strategies
- The Board is pleased to advise that sales for the first quarter of 2010/11 are ahead of last year.



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Formal Business

1. Financial Reports
2. Remuneration Report
3. Election of Directors
 - 3.1 Roger Brown
 - 3.2 Robert Fraser
4. Non-Executive Directors Remuneration
5. Other Business